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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

May 19, 1997

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M. Street, NW, Room 222
Washington, DC

RE: CC Docket No. 96-128

Dear Mr. Caton:

On May 15, 1997, the North Carolina Utilities Commission ("NCUC") issued an Order in Docket No. P-100, Sub 84b dismissing the North Carolina Payphone Association's petition and directing filings related to the deregulation of payphone services. In this Order, the NCUC concluded it was unable to review the existing Public Telephone Access Services ("PTAS") tariffs, and consequently directed the North Carolina LECs to file the applicable "new services" tests with the FCC. This option is specifically authorized in Paragraph 163 of the FCC's Reconsideration Order (CC Docket No. 96-128, FCC 96-439, released November 8, 1996), which states that "[s]tates unable to review these tariffs may require the LECs operating in their state to file these tariffs with the Commission."

In compliance with the North Carolina Utilities Commission's Order, Carolina Telephone and Telegraph Company and Central Telephone Company (Sprint) hereby submit the "new services" tests for payphone lines to the FCC. The "new services" tests for coin control and answer supervision were previously submitted to the FCC in Sprint Local Telephone Companies Tariff F.C.C. No. 1, Transmittal No. 32, filed on May 16, 1997.

Should you have any questions or wish to discuss this matter, please contact Warren Hannah at (202) 828-7452.

Sincerely,

C. Steve Parrott
C. Steve Parrott MLM

Attachments

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List ABCDE

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Mr. William F. Caton
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cc: Ms. Geneva Thigpen, Chief Clerk
North Carolina Utilities Commission
PO Box 29510
Raleigh, NC 27626-0510

Mr. Gene A. Clemmons, Director
Communications Division - Public Staff
North Carolina Utilities Commission
PO Box 29510
Raleigh, NC 27626-0510

New Services Test

Attachment 3

Company: CENC

Element: Access Line

Non-Toll
Loop + Switch

A. Investment (Part 69 Cost Allocation)

1 General Support Facilities Allocated	13,940,700
2 COE Switching & Subscriber Loop	88,810,068
3 IOT Investment Excl. Coin	1,625,740
4 C&WF Cat. 1 Subscriber OSP	101,015,260
5 Other Investment Allocated	(9,512,927)
6 Accumulated Depreciation/Amortization	(72,959,165)
7 Deferred Tax Reserves	(25,533,174)
8 Net Investment	97,386,502

B. Annual Cost (Part 69 Cost Allocation)

		% Total Investment
9 Maintenance Expenses	23,453,442	11.97%
10 Depreciation Expenses	13,805,451	7.05%
11 Customer Service Expenses	3,617,456	1.85%
12 Corporate Operations Expenses	7,608,850	3.88%
13 Other Taxes & Misc. Expenses	1,089,214	0.56%
13 Return (11.25%) less AFUDC	10,771,443	5.50%
14 Federal & State Income Taxes	4,522,656	2.31%
15 Total Annual Cost (L9 thru L14)	64,868,510	33.12%
16 Total Switched Access Lines	248,427	
17 Annual Cost Per Line	\$ 261.12	
Monthly Cost Per Line	\$ 21.76	

C. Pricing / New Services Test - 61.49(h)

18 Monthly Direct Cost	\$ 21.76	PRICE FLOOR
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19 a) Proposed Average Flat Rate	\$ 36.14
b) Proposed Average Measured Usage	\$ 18.33
c) Total Proposed Monthly Rate	\$ 36.14

	Direct Cost / Invest	Direct Cost / Rate
20 New Services Test {61.49(h)}	0.3312	0.6021

	Monthly Units	@ Rate	Monthly Amount	Annual Amount
21 Annual Projection of Revenues	1,808	\$ 36.14	\$ 65,341	\$ 784,093
22 Annual Projection of Costs	1,808	\$ 21.76	\$ 39,342	\$ 472,100
23 Annual Traffic/Revenue Effect			\$ 25,999	\$ 311,994

New Services Test

Attachment 3

Company: CT&T

Element: Access Line

Non-Toll
Loop + Switch

A. Investment (Part 66 Cost Allocation)

1 General Support Facilities Allocated	99,867,883
2 COE Cat. 4.13 Circuit Equipment	388,751,424
3 IOT Investment Excl. Coin	4,728,926
4 C&WF Cat. 1 Subscriber OSP	409,795,148
5 Other Investment Allocated	14,310,790
6 Accumulated Depreciation/Amortization	(461,594,495)
7 Deferred Tax Reserves	(66,066,624)
8 Net Investment	389,793,051

B. Annual Cost (Part 69 Cost Allocation)

% Total
Investment

9 Maintenance Expenses	97,024,222	10.58%
10 Depreciation Expenses	83,622,899	9.11%
11 Customer Service Expenses	13,384,678	1.46%
12 Corporate Operations Expenses	25,190,206	2.75%
13 Other Taxes & Misc. Expenses	(1,675,590)	-0.18%
13 Return (11.25%) less AFUDC	42,833,919	4.67%
14 Federal & State Income Taxes	21,705,218	2.37%
15 Total Annual Cost (L9 thru L14)	282,085,551	30.75%
16 Total Switched Access Lines	1,043,356	
17 Annual Cost Per Line	\$ 270.36	
Monthly Cost Per Line	\$ 22.53	

C. Pricing / New Services Test - 61.49(h)

18 Monthly Direct Cost	\$ 22.53	PRICE FLOOR
19 a) Proposed Average Flat Rate	\$ 18.99	
b) Proposed Average Measured Usage	\$ 18.54	
c) Total Proposed Monthly Rate	\$ 32.53	

	<u>Direct Cost /</u>	<u>Direct Cost /</u>
	<u>Invest</u>	<u>Rate</u>
20 New Services Test {61.49(h)}	0.3075	0.6926

	Monthly Units	@ Rate	Monthly Amount	Annual Amount
21 Annual Projection of Revenues	7,631	\$ 32.53	\$ 248,236	\$ 2,978,837
22 Annual Projection of Costs	7,631	\$ 22.53	\$ 171,929	\$ 2,063,145
23 Annual Traffic/Revenue Effect			\$ 76,308	\$ 915,692

Calculation of 1996 Pay Telephone Subsidy

NORTH CAROLINA - 1996

Pay Telephone Subsidy Calculation

Summary of Results

	Demand	CENC	CT&T	TOT N.C.
1	<u>Payphone Revenue</u>			
a)		1,160,219	5,876,911	7,037,130
b)	1,316,808	50,443	212,918	263,361
c)		107,814	309,833	417,647
d)		101,940	255,738	357,678
e)		-	-	-
f)		1,420,416	6,655,400	8,075,816
2	<u>Expenses</u>			
a)		133,114	795,155	928,269
b)		699	3,904	4,603
c)		24,241	174,681	198,922
d)		388,006	1,870,442	2,258,448
e)		298	3,272	3,570
f)		36,707	221,380	258,087
g)		134,632	340,272	474,904
h)		8,805	60,873	69,678
i)		179,058	677,465	856,523
j)		5,493	31,230	36,723
k)		122,279	629,207	751,486
l)		10,884	14,383	25,267
m)		1,044,216	4,822,264	5,866,480
3	Taxes	150,621	733,942	884,563
4	Net Operating Income	225,579	1,099,194	1,324,773
5	PayPhone Average Net Investment	273,505	2,944,240	3,217,745
6	Return On Investment	82.48%	37.33%	41.17%
7	Return On Investment at 11.25%	30,769	331,227	361,996
8	Additional NOI Required to Earn 11.25%	(194,810)	(767,967)	(962,776)
9	Revenue Surplus at 11.25%	(324,886)	(1,280,746)	(1,605,631)